
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Neo Telemedia Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.

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Neo Telemedia Limited
中國新電信集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8167)

**MAJOR TRANSACTION –
FINANCE LEASE ARRANGEMENT**

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular unless otherwise stated.

A letter from the board of directors of the Company is set out on pages 5 to 12 of this circular.

The transaction being the subject matter of this circular has been approved by written shareholders' approval pursuant to the GEM Listing Rules and this circular is being despatched to the Shareholders for information only.

This circular will remain on the GEM website at www.hkgem.com on the "Latest Listed Company Information" page for at least 7 days from the date of its posting and on the website of the Company at www.neo-telemedia.com.

17 September 2021

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following respective meanings.

“Announcement”	the announcement of the Company dated 27 August 2021 in relation to the Finance Lease Arrangement
“Assets Pledge Agreements”	collectively, the Assets Pledge Agreement (Guangzhou Zituo) and the Assets Pledge Agreement (Sichuan Xuxun)
“Assets Pledge Agreement (Guangzhou Zituo)”	the asset pledge agreement between Guangzhou Zituo and the Lessor dated 27 August 2021
“Assets Pledge Agreement (Sichuan Xuxun)”	the asset pledge agreement between Sichuan Xuxun and the Lessor dated 27 August 2021
“Blusea Mobile”	Guangdong Blusea Mobile Development Company Limited* (廣東蔚海移動發展有限公司), a company established in the PRC with limited liability and an indirect wholly owned subsidiary of the Company
“Board”	the board of Directors
“Company”	Neo Telemedia Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM (stock code: 8167)
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	consideration for the purchase of the Equipment
“Controlling Shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Dr. Lie”	Dr. LIE Haiquan, an executive Director, the chairman of the Board and a Controlling Shareholder and directly owns 2,255,332,000 Shares and indirectly owns a total of 2,091,923,357 Shares via Golden Ocean and Winner Mind as at the Latest Practicable Date

DEFINITIONS

“Equipment”	the assets comprising data centre equipment to be purchased by the Lessor from Guangzhou Yizi, which would then be leased back to Guangzhou Yizi under the Finance Lease Agreement
“Finance Lease Agreement”	the finance lease agreement between the Lessor and Guangzhou Yizi dated 27 August 2021
“Finance Lease Arrangement”	the finance lease arrangement contemplated under the Finance Lease Agreement
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM
“Golden Ocean”	Golden Ocean Assets Management Limited, a company incorporated in Hong Kong with limited liability, which is wholly owned by Dr. Lie and directly owns 36,036,000 Shares as at the Latest Practicable Date
“Group”	the Company and its subsidiaries
“Guangzhou Yizi”	Guangzhou Yizi Internet Technology Company Limited* (廣州市羿資互聯網科技有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“Guangzhou Zituo”	Guangzhou Zituo Technology Company Limited* (廣州市資拓科技有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“Guarantee Agreements”	collectively, the guarantee agreements between the Lessor and each of Bluesea Mobile, Guangzhou Zituo, Dr. Lie and Mr. Wang dated 27 August 2021
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	the independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, independent of and not connected with the Company and the connected person(s) (as defined in the GEM Listing Rules) of the Company

DEFINITIONS

“Latest Practicable Date”	13 September 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Lessor”	Zhujiang Financial Leasing Company Limited* (珠江金融租賃有限公司), a company established in the PRC with limited liability
“Mr. Wang”	Mr. WANG Kun* (王坤), the legal representative, a director and a substantial shareholder of Guangzhou Zituo and the legal representative and a director of Guangzhou Yizi
“Mr. Yan”	Mr. YAN Wai Ping, a Shareholder and directly owns 373,588,000 Shares as at the Latest Practicable Date. Mr. Yan is the spouse of Ms. Wong
“Ms. Wong”	Ms. WONG Pui Yan, a Shareholder and directly owns 106,702,000 Shares as at the Latest Practicable Date. Ms. Wong is the spouse of Mr. Yan
“Pledged Asset (Guangzhou Zituo)”	90% equity interest in Guangzhou Yizi owned by Guangzhou Zituo
“Pledged Asset (Sichuan Xuxun)”	10% equity interest in Guangzhou Yizi owned by Sichuan Xuxun
“PRC”	the People’s Republic of China, for the purpose of this circular only, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Previous Finance Lease Arrangement”	the finance lease arrangement between the Lessor and the Group dated 31 March 2021 pursuant to which the Lessor agreed to purchase equipment from a supplier at the request from the Group and lease the equipment to the Group, details of which are stipulated in the announcement of the Company dated 31 March 2021

DEFINITIONS

“RMB”	Renminbi, the lawful currency of the PRC
“Sichuan Xuxun”	Sichuan Xuxun Technology Partnership (General Partnership)* (四川速訊科技合夥企業(普通合夥)), a general partnership formed in the PRC and was owned as to 99% by WANG Tao* (王濤) and 1% by YANG Chaoping* (楊朝平). To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, save for their equity interests in Guangzhou Yizi, Sichuan Xuxun, WANG Tao* (王濤) and YANG Chaoping* (楊朝平) were all Independent Third Parties
“Security Agreements”	collectively, the Guarantee Agreements and the Assets Pledge Agreements
“Share(s)”	ordinary share(s) of HK\$0.1 each in the capital of the Company
“Shareholder(s)”	the holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the GEM Listing Rules
“Winner Mind”	Winner Mind Investments Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by Dr. Lie and directly owns 2,055,887,357 Shares as at the Latest Practicable Date
“%”	per cent

For the purpose of this circular, all amounts denominated in RMB have been translated (for information only) into HK\$ using the exchange rate of RMB1.00:HK\$1.20. No representation is made that any amounts in RMB or HK\$ can be or could have been converted at the relevant dates at the above rates or any other rates or at all.

The English transliteration of the Chinese name(s) in this circular, where indicated with “”, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

LETTER FROM THE BOARD



Neo Telemedia Limited 中國新電信集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8167)

Executive Directors:

Dr. LIE Haiquan (*Chairman*)

Mr. CHEUNG Sing Tai (*Deputy Chairman and
Chief Executive Officer*)

Mr. TAO Wei

Mr. WU Di

Independent non-executive Directors:

Mr. ZHANG Zihua

Ms. XI Lina

Mr. HUANG Zhixiong

Registered Office:

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111, Cayman Islands

*Principal place of business
in Hong Kong:*

Room 901B, 9th Floor
Empire Centre, 68 Mody Road
Tsim Sha Tsui, Kowloon
Hong Kong

17 September 2021

To the Shareholders,

Dear Sir or Madam,

MAJOR TRANSACTION – FINANCE LEASE ARRANGEMENT

INTRODUCTION

Reference is made to the Announcement.

On 27 August 2021, Guangzhou Yizi (an indirect non-wholly owned subsidiary of the Company) and the Lessor entered into the Finance Lease Arrangement pursuant to which the Lessor agreed to purchase the Equipment from Guangzhou Yizi for a total consideration of RMB80 million (equivalent to approximately HK\$96 million), which would then be leased back to Guangzhou Yizi for a term of five years.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with information regarding, among other things, (i) the details of the Finance Lease Arrangement; and (ii) other information as required under the GEM Listing Rules.

(A) FINANCE LEASE AGREEMENT

The principal terms of the Finance Lease Agreement are set out as follows:

- Date:** 27 August 2021
- Parties:**
- (1) the Lessor. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, the Lessor was principally engaged in the provision of finance leasing services and was a wholly owned subsidiary of Guangzhou Rural Commercial Bank Co., Ltd., a company established in the PRC with limited liability which was listed on the the Stock Exchange (stock code: 1551), and the Lessor and the ultimate beneficial owner of the Lessor were Independent Third Parties; and
 - (2) Guangzhou Yizi, a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company which was principally engaged in the provision of data centre services.
- Subject assets:** The Equipment
- Finance lease arrangement:** Pursuant to the Finance Lease Agreement, the Lessor agreed to purchase the Equipment from Guangzhou Yizi for a total consideration of RMB80 million (equivalent to approximately HK\$96 million), representing the principal amount under the Finance Lease Agreement, and the Lessor agreed to lease back the Equipment to Guangzhou Yizi.
- Period of the lease:** Five years

LETTER FROM THE BOARD

- Conditions precedent:** Subject to the fulfilment of certain conditions including, among other things, the Finance Lease Agreement and the Security Agreements having been duly executed and the Lessor having received the security deposit payable pursuant to the Finance Lease Agreement, the Lessor shall pay to Guangzhou Yizi the full amount of the consideration of the Equipment in accordance to the Finance Lease Agreement.
- Lease payment:** (1) The first four lease payments consist of the lease interest only; and (2) The remaining sixteen lease payments consists of the finance lease principle amount of RMB80 million (approximately HK\$96 million) and the lease interest.
- Guangzhou Yizi shall pay the lease interest during the term of the lease quarterly at an interest rate (the “**Lease Interest Rate**”) being calculated at a floating rate and would be adjusted with reference to the benchmark interest rate for RMB loans with a maturity of one year as promulgated by the People’s Bank of China from time to time (the “**Benchmark Interest Rate**”) plus a premium of 2.25%. As at the Latest Practicable Date, the Benchmark Interest Rate was approximately 3.85% per annum and the interest rate for the Finance Lease Arrangement was 6.10% per annum.
- Basis of determination of the consideration and the lease payment:** The consideration and the total lease payment of the Equipment were determined based on arm’s length negotiation between the Lessor and Guangzhou Yizi with reference to the net book value of the Equipment of approximately RMB80,366,000 (equivalent to approximately HK\$96,439,000) and the prevailing market interest rate of comparable equipment finance leases, particularly those entered into by the Group with other financial institutions recently.

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Security deposit:	Guangzhou Yizi shall pay RMB4.8 million as security deposit to the Lessor before the Lessor pays for the Consideration to Guangzhou Yizi. If there is default by Guangzhou Yizi, the Lessor may deduct the principal and interest which falls due, the default interest and other cost arising from the default from the security deposit. If there is no default throughout the term of the lease, Guangzhou Yizi may use the security deposit to set off the last payment(s) under the Finance Lease Agreement.
Buy-back of the Equipment:	The legal ownership of the Equipment will be vested in the Lessor throughout the lease term. Upon the end of the lease term, provided that Guangzhou Yizi has fulfilled all of its obligations under the Finance Lease Agreement, the Lessor shall transfer the legal ownership of the Equipment to Guangzhou Yizi at a nominal consideration of RMB100.

(B) THE SECURITY AGREEMENTS

On 27 August 2021, Bluesea Mobile, Guangzhou Zituo, Sichuan Xuxun, Dr. Lie and Mr. Wang entered into the following Security Agreements:-

The Guarantee Agreements:	Each of Bluesea Mobile, Guangzhou Zituo, Dr. Lie and Mr. Wang entered into the Guarantee Agreements in favour of the Lessor pursuant to which each of Bluesea Mobile, Guangzhou Zituo, Dr. Lie and Mr. Wang shall provide guarantee to secure the obligations of Guangzhou Yizi under the Finance Lease Arrangement.
The Assets Pledge Agreements:	Guangzhou Zituo entered into the Assets Pledge Agreement (Guangzhou Zituo) in favour of the Lessor to pledge the Pledged Assets (Guangzhou Zituo) and Sichuan Xuxun entered into the Assets Pledge Agreement (Sichuan Xuxun) in favour of the Lessor to pledge the Pledged Assets (Sichuan Xuxun) as security for the obligations of Guangzhou Yizi under the Finance Lease Agreement.

LETTER FROM THE BOARD

FINANCIAL EFFECT OF THE FINANCE LEASE ARRANGEMENT AND USE OF PROCEEDS

As at 31 July 2021, the book value of the Equipment is approximately RMB80,366,000 (equivalent to approximately HK\$96,439,000). According to the Hong Kong Financial Reporting Standards, the transactions contemplated under the Finance Lease Arrangement do not constitute a disposal of assets and will not give rise to any gain or loss to be recorded in the Group's income statement.

Under the Finance Lease Arrangement, it is expected that (i) the total assets of the Group will increase to reflect the cash to be received from the sale proceeds of the Equipment (the "Proceeds") and (ii) the total liabilities of the Group will increase by the Proceeds to reflect the liability of the Group. After deducting the incidental costs attributable to the Finance Lease Arrangement, the Group will receive net proceeds of approximately RMB79,850,000 (equivalent to approximately HK\$95,820,000) which is expected to be used for repayment of borrowings.

REASONS FOR THE FINANCE LEASE ARRANGEMENT

The Group is principally engaged in the provision of data centre services and trading of telecommunication products.

The Directors are of the view that under the Finance Lease Arrangement, the Group will obtain financial resources to support its business operations. The Directors consider that the Finance Lease Arrangement is entered into after arm's length negotiation between the Lessor and the Group and the terms therein are on normal commercial terms and the Finance Lease Arrangement is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

Since the Previous Finance Lease Arrangement and the Finance Lease Arrangement were entered into with the Lessor within 12 months, the transactions contemplated under the Finance Lease Arrangement shall be aggregated with the transactions under the Previous Finance Lease Arrangement under Rule 19.22 of the GEM Listing Rules.

As the highest applicable percentage ratio for the Company as calculated under Rule 19.07 of the GEM Listing Rules in relation to the Finance Lease Arrangement on aggregate basis exceeds 25%, the Finance Lease Arrangement constitutes a major transaction of the Company under the GEM Listing Rules.

LETTER FROM THE BOARD

SHAREHOLDERS' WRITTEN APPROVAL

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders has a material interest in the Finance Lease Arrangement and as such, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Finance Lease Arrangement. As at the Latest Practicable Date, Dr. Lie, Winner Mind, Golden Ocean, Mr. Yan and Ms. Wong are a closely allied group of Shareholders who together beneficially holds 4,827,545,357 Shares, representing approximately 50.70% of the entire issued share capital of the Company. The Directors are of the view that Dr. Lie, Winner Mind, Golden Ocean, Mr. Yan and Ms. Wong are a closely allied group of shareholders ("**Closely Allied Group**") in view of the following basis:-

1. The Closely Allied Group comprises a small number of Shareholders, i.e. Dr. Lie, Winner Mind, Golden Ocean, Mr. Yan and Ms. Wong. The five named Shareholders in aggregate hold 4,827,545,357 Shares, representing approximately 50.70% of the entire issued share capital of the Company and constitute a major holding of all issued Shares. As at the Latest Practicable Date, the respective shareholding in the Company of the five members of the Closely Allied Group are as follows:

Name of Shareholder	Number of Shares held	Approximate shareholding in the Company (%)
Dr. Lie	2,255,332,000	23.69
Winner Mind	2,055,887,357	21.59
Golden Ocean	36,036,000	0.38
Mr. Yan	373,588,000	3.92
Ms. Wong	<u>106,702,000</u>	<u>1.12</u>
Total	<u>4,827,545,357</u>	<u>50.70</u>

The five members of the Closely Allied Group can indeed be further classified as only two groups: one being Dr. Lie and his two companies (Winner Mind and Golden Ocean) and the other one being Mr. Yan and his wife Ms. Wong.

LETTER FROM THE BOARD

2. According to the information, belief and knowledge of the Directors, Winner Mind and Golden Ocean are wholly owned by Dr. Lie. Dr. Lie was acquainted with Mr. Yan for around 20 years and they had various business cooperation, including property investment, in the PRC. Mr. Yan is the spouse of Ms. Wong.
3. According to the information, belief and knowledge of the Directors, all members of the Closely Allied Group have a long history of holding in the Company. Dr. Lie became a Shareholder in or around 2009 and later together with Winner Mind and Golden Ocean increased his holding in the Company. Mr. Yan and Ms. Wong became a Shareholder in or around 2014.
4. According to the information, belief and knowledge of the Directors, there is no agreement, arrangement or understanding between the members of the Closely Allied Group, whether formal or informal, either written, verbal or otherwise, making them parties acting in concert under the Takeovers Code. However, Dr. Lie is presumed acting in concert with Winner Mind and Golden Ocean by the reason that he is the ultimate owner and director of the two companies. Similarly, by their spousal relationship, Mr. Yan and Ms. Wong are presumed acting in concert under the Takeovers Code.
5. According to the members of the Closely Allied Group, the members of the Closely Allied Group voted in the same way in all extraordinary general meetings of the Company since Mr. Yan and Ms. Wong became shareholders of the Company in or around 2014 other than the adjourned extraordinary general meeting of the Company on 26 November 2015 in which Dr. Lie, Winner Mind and Golden Ocean were required to abstain from voting and Mr. Yan and Ms. Wong voted in favour of the resolutions in the said meeting.

Written approval of the Finance Lease Arrangement has been obtained from Dr. Lie, Winner Mind, Golden Ocean, Mr. Yan and Ms. Wong. Pursuant to Rule 19.44 of the GEM Listing Rules, such written approval may be accepted in lieu of holding a general meeting of the Company, and accordingly, no general meeting of the Company will be convened for the purpose of approving the Finance Lease Arrangement.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the information set out elsewhere in this circular and in the appendices to it.

Shareholders and potential investors of the Company should be aware that the Finance Lease Arrangement is subject to a number of conditions being satisfied, and consequently the Finance Lease Arrangement may or may not proceed. Accordingly, Shareholders and potential investors are advised to exercise caution when they deal or contemplate dealing in the Shares or other securities (if any) of the Company.

Yours faithfully,
For and on behalf of
Neo Telemedia Limited
Dr. LIE Haiquan
Chairman

1. CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

Consolidated financial information of the Group for each of the three financial years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2021 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.neo-telemedia.com) respectively:

- Annual report for the year ended 31 December 2018
<https://www1.hkexnews.hk/listedco/listconews/gem/2019/0327/gln20190327141.pdf>
- Annual report for the year ended 31 December 2019
<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0514/2020051401883.pdf>
- Annual report for the year ended 31 December 2020
<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0330/2021033002462.pdf>
- Interim report for the six months ended 30 June 2021
<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0813/2021081300081.pdf>

2. STATEMENT OF INDEBTEDNESS

Borrowings

As at the close of business on 31 July 2021, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had the following outstanding borrowings:

	<i>Notes</i>	<i>HK\$'000</i>
Bank loans		
Short-term bank borrowing, unsecured and guaranteed	<i>a</i>	3,609
Portion of bank loans, secured and guaranteed	<i>b</i>	
– repayable within one year		88,384
– repayable after one year which contain a repayment on demand clause		1,225,582
Portion of bank loans, unsecured and guaranteed	<i>a</i>	
– repayable within one year		11,789
Portion of bank loans, secured and unguaranteed	<i>c</i>	
– repayable within one year		19,660
– repayable after one year which contain a repayment on demand clause		<u>226,092</u>
Total bank loans		<u><u>1,575,116</u></u>

	<i>Notes</i>	<i>HK\$'000</i>
Other loans		
Portion of other loans, secured and guaranteed	<i>d</i>	
– repayable within one year		58,139
– repayable after one year which contain a repayment on demand clause		218,365
Portion of other loans, unsecured and unguaranteed		
– repayable within one year		120,330
– repayable after one year which contain a repayment on demand clause		<u>96,232</u>
Total other loans		<u><u>493,066</u></u>
Total borrowings	<i>e</i>	<u><u>2,068,182</u></u>

Notes:

- a) The Group's bank loans are guaranteed by (i) Dr. Lie and (ii) Mr. Wang, the legal representative, a director and a substantial shareholder of a subsidiary of the Company.
- b) The Group's bank loans are guaranteed by Dr. Lie and secured by the pledge of certain properties, plant and equipment of the Group with net book value of approximately HK\$1,315,861,000 and certain properties of companies substantially owned by Dr. Lie.
- c) The Group's bank loans are secured by the equity interest of a subsidiary of the Company with carrying value of approximately HK\$120,292,000.
- d) The Group's other loans are guaranteed by Dr. Lie and secured by the Group's properties, plant and equipment with net book value of approximately HK\$344,462,000, accounts receivable with carrying value of approximately HK\$43,819,000 and equity interest of a subsidiary of the Company with carrying value of approximately HK\$104,724,000.
- e) All of the borrowings are denominated in RMB.

Lease liabilities

As at 31 July 2021, the Group had lease liabilities relating to lease obligations of properties of approximately HK\$520,160,000.

Contingent liabilities

As at 31 July 2021, the Group did not have any material contingent liabilities.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of the business of the Group, the Group did not have any outstanding mortgages, charges, debentures or loan capital, bank overdrafts or loan, other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities outstanding at the close of business on 31 July 2021

3. WORKING CAPITAL STATEMENT

Taking into account the financial resources and banking facilities available to the Group and its internal generated funds and the Arrangements, the Directors are of the opinion that the Group has sufficient working capital for its present requirements for at least the next 12 months from the date of this circular. The Company has obtained the relevant confirmation as required under GEM Listing Rule 19.66(13).

4. FINANCIAL AND TRADING PROSPECT OF THE GROUP

To better reflect the Group's strategic focus and growth initiatives, the Group has realigned its reportable operating segments for the year ended 31 December 2020. The new reportable operating segments are provision of data centre services and trading of telecommunication products.

With respect to the provision of data centre services segment, the Group provides data centre services to its customers in mainland China through self-developed data centres and server cabinets leased from third parties. As of 31 December 2020, the Group operated two data centres with an aggregate of 2,854 server cabinets in service. The Group also operated an aggregate of approximately 1,380 server cabinets in service, which were leased from third parties. In addition, the Group had a further three new self-developed data centres with an aggregate of 32,353 server cabinets under construction. During the financial year ended 31 December 2020, revenue from provision of data centre services was approximately HK\$324.7 million (2019: HK\$320.4 million), representing an increase of approximately HK\$4.3 million or 1.3% year-on-year. With the increasing number of server cabinets in the Group's self-developed data centres, the Group has gradually relocated servers of certain customers from leased server cabinets to its self-developed data centres in the same region in order to increase profitability. As the data centres in service are not fully utilised and three new data centres are expected to complete in 2021, it is expected that financial performance of the Group will substantially improve in the next two years.

With respect to the trading of telecommunication products segment, as there has been no improvement in the global mobile business environment since the third quarter of 2019 and due to the outbreak of COVID-19 during the financial year ended 31 December 2020, and the Board resolved to cease the trading of mobile device business in Hong Kong during the financial year ended 31 December 2020. The outbreak of COVID-19 and the fierce competition of the telecommunication market have also negatively impacted the Group's trading of telecommunication product business in mainland China. After fulfilling the sale orders in the first quarter of 2020, the Group did not generate any revenue from the trading business in mainland China during the second quarter of 2020. Having reviewed its profitability and assessed its prospects, the Group has decided to scale down its trading business in mainland China in order to better utilise its resources in its data centre operations, a more profitable business. During the financial year ended 31 December 2020, revenue from the trading of telecommunication products was approximately HK\$115.8 million (2019: HK\$468.4 million), representing a decrease of 75.2% year-on-year.

The Group also engaged in other business that consisted of provision of bus services and system integration services and leasing of properties; the revenue, results and assets of which were individually immaterial to the Group. During the financial year ended 31 December 2020, revenue from others was approximately HK\$24.5 million (2019: HK\$28.4 million), representing a decrease of 13.7% year-on-year which was mainly due to decrease in system integration services and school bus services caused by the COVID-19 pandemic.

The COVID-19 pandemic has brought upon unprecedented challenges to the economy. The necessary protection measures have been severely impacting economic activities. Nevertheless, the outlook of the Group remains positive. With the rapid growth in data traffic, accelerating trend of digitisation and PRC government policies that support the growth of digital economy, it is expected that the demand for high quality data centres will continuously increase at least over the next five years.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information regarding the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(i) Directors' and chief executives' interests and/or short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation

As at the Latest Practicable Date, the interests or short positions of the Directors in the securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they were deemed or taken to have under such provisions of the SFO, or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions by directors, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the Shares:

Name of Director	Capacity	Number of Shares held	Approximate percentage of shareholding
Dr. LIE Haiquan	Beneficial owner	2,255,332,000	23.69%
	Interest in controlled corporations ^(Note 1)	2,091,923,357	21.97%

Notes:

1. 2,055,887,357 shares and 36,036,000 shares are held by Winner Mind Investments Limited (“**Winner Mind**”) and Golden Ocean Assets Management Limited respectively; both companies are wholly-owned by Dr. LIE Haiquan. Thus, he was deemed to be interested in these 2,091,923,357 shares pursuant to the SFO.

Save as disclosed in this circular, as at the Latest Practicable Date, none of the other Directors or chief executive of the Company had any interests and short positions in the shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which they were deemed or taken to have under such provisions of the SFO, (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

(ii) Directors’ other interests

- (a) As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which have been since 31 December 2020, the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.
- (b) As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting at the Latest Practicable Date, and which was significant in relation to the business of the Group.

(iii) Substantial Shareholders

- (a) As at the Latest Practicable Date, other than the interests of Directors as disclosed above, shareholders who had interests or short positions in the securities of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or who were deemed to be directly and indirectly interested in 5% or more of the issued share capital of the Company, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name	Nature of interests	Number of shares/ underlying shares held	Approximate percentage of shareholding
Winner Mind ^(Note 1)	Beneficial owner	2,055,887,357	21.59%
Mr. YAN Wai Ping	Beneficial owner	373,588,000	3.92%
	Interest of spouse ^(Note 2)	106,702,000	1.12%

Notes:

- Winner Mind is wholly-owned by Dr. Lie, an executive Director, the chairman of the Board and the sole Director of Winner Mind.
- Mr. Yan is interested in 106,702,000 Shares held by his spouse, Ms. WONG Pui Yan.

Save as disclosed in this circular, as at the Latest Practicable Date, so far as is known to the Directors, there was no other person who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO and section 336 of the SFO, or, had a direct or indirect interest amounting to 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group.

3. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors, controlling Shareholder or, so far as is known to them, any of their respective close associates was interested in any business apart from the business of the Group, which competed or was likely to compete, either directly or indirectly, with that of the Group.

4. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the members of the Group within two years immediately preceding the Latest Practicable Date which are or may be material:

- (i) the sale and purchase agreement between NEO Cloud Computing Holdings Limited and Great Fancy Investment Limited dated 26 September 2019 in relation to the disposal of one share in the share capital of Million Ace Limited at a consideration of HK\$10 million;
- (ii) the sale and purchase agreement among Guangdong Utrust Financial Leasing Company Limited* (廣東粵財金融租賃股份有限公司)(“**Lessor A**”), United Power Energy Company Limited* (合動力能源有限公司)(“**United Power**”) and Guangdong Bluesea Data Development Company Limited* (廣東蔚海數據發展有限公司)(“**Bluesea Data**”) dated 20 December 2019 in relation to the sale and purchase of data centre equipment at a consideration of RMB190 million;
- (iii) the finance lease agreement between Lessor A and Bluesea Data dated 20 December 2019 in relation to the finance lease arrangement between Lessor A and Bluesea Data dated 20 December 2019 pursuant to which Lessor A agreed to purchase equipment from a supplier at the request of Bluesea Data and lease the equipment to Bluesea Data, details of which are stipulated in the announcement of the Company dated 20 December 2019 (the “**Finance Lease Arrangement A**”) with the finance lease principal amount of RMB190 million;
- (iv) the assets pledge agreement between Lessor A and Bluesea Data dated 20 December 2019 to pledge three data centres in Heshan City, Jiangmen, Guangdong Province to Lessor A as security for the obligations of Bluesea Data under the Finance Lease Arrangement A;
- (v) the guarantee agreement between Lessor A and Bluesea Mobile dated 20 December 2019 to provide guarantee to secure the obligations of Bluesea Data under the Finance Lease Arrangement A;
- (vi) the construction agreement between Shenzhen Zituo Yunqi Technology Company Limited* (深圳市資拓雲啟科技有限公司)(“**Shenzhen Zituo**”), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company, and Haikou Youfu Mechanical and Electrical Equipment Installation Engineering Company Limited* (海口有孚機電設備安裝工程有限公司) dated 2 July 2020 in relation to the construction of data centre at a consideration of RMB36 million;

- (vii) the construction agreement between Shenzhen Zituo and Sichuan Jupeng Construction Engineering Company Limited* (四川聚鵬建設工程有限公司) dated 2 July 2020 in relation to the construction of data centre at a consideration of RMB40.8 million;
- (viii) the construction agreement between Shenzhen Zituo and Shenzhen Guangyuan Waterproof Reinforcement Engineering Technology Company Limited* (深圳廣源防水加固工程技術有限公司) dated 2 July 2020 in relation to the construction of data centre at a consideration of RMB42 million;
- (ix) the finance lease agreement between JIC Leasing Company Limited (“**Lessor B**”) and Guangzhou Bluesea Cloud Data Company Limited* (廣州蔚海雲數據有限公司)(“**Bluesea Cloud Data**”), a company established in the PRC with limited liability and an indirect wholly owned subsidiary of the Company, dated 21 September 2020 in relation to the finance lease arrangement between Lessor B and Bluesea Cloud Data dated 21 September 2020 pursuant to which Lessor B agreed to purchase leased assets from Bluesea Cloud Data, which would then be leased back to Bluesea Cloud Data, details of which are stipulated in the announcements of the Company dated 21 September 2020 and 23 September 2020 (the “**Finance Lease Arrangement B**”);
- (x) the guarantee agreement between Lessor B and Bluesea Mobile dated 21 September 2020 to provide guarantee to secure the obligations of Bluesea Cloud Data under the Finance Lease Arrangement B;
- (xi) the accounts receivable pledge agreement between Lessor B and Bluesea Cloud Data dated 21 September 2020 to pledge accounts receivable to Lessor B to secure the obligations of Bluesea Cloud Data under the Finance Lease Arrangement B;
- (xii) the accounts receivable pledge agreement between Lessor B and Bluesea Mobile dated 21 September 2020 to pledge accounts receivable to Lessor B to secure the obligations of Bluesea Cloud Data under the Finance Lease Arrangement B;
- (xiii) the equity interest pledge agreement between Lessor B and Bluesea Mobile dated 21 September 2020 to pledge the entire equity interest in Bluesea Cloud Data held by Bluesea Mobile to Lessor B to secure the obligations of Bluesea Cloud Data under the Finance Lease Arrangement B;
- (xiv) the sale and purchase agreement between Lessor A, Highseas Communications Engineering (Hainan) Co., Ltd.* (海南四海行通信工程有限公司)(the “**Supplier**”), Guangzhou Yizi and Guangzhou Zituo dated 30 October 2020 pursuant to which Lessor A agreed to purchase leased assets from the Supplier at the request of Guangzhou Yizi and Guangzhou Zituo for a total consideration of RMB94,750,800;

- (xv) the finance lease agreement between Lessor A, Guangzhou Yizi and Guangzhou Zituo dated 30 October 2020, pursuant to which Lessor A agreed to purchase the leased assets from the Supplier at the request of Guangzhou Yizi and Guangzhou Zituo in an aggregate consideration of RMB94,750,800 and Lessor A agreed to lease the leased assets to Guangzhou Yizi and Guangzhou Zituo;
- (xvi) the finance lease agreement between Lessor A, Guangzhou Yizi and Guangzhou Zituo dated 30 October 2020 pursuant to which Lessor A agreed to purchase leased assets from Guangzhou Yizi and Guangzhou Zituo for a total consideration of RMB25,000,000, which would then be leased back to Guangzhou Yizi and Guangzhou Zituo;
- (xvii) the guarantee agreement between Lessor A and Bluesea Mobile dated 30 October 2020;
- (xviii) the accounts receivable pledge agreement between Guangzhou Yizi and Lessor A dated 30 October 2020;
- (xix) the accounts receivable pledge agreement between Guangzhou Zituo and Lessor A dated 30 October 2020;
- (xx) the equity interest pledge agreement between Lessor A and Guangzhou Zituo dated 30 October 2020;
- (xxi) the finance lease agreement between Lessor B and Bluesea Cloud Data dated 30 October 2020 pursuant to which Lessor B agreed to purchase leased assets from Bluesea Cloud Data for a total consideration of RMB81,500,000, which would then be leased back to Bluesea Cloud Data;
- (xxii) the guarantee agreement between Lessor B and Bluesea Mobile dated 30 October 2020;
- (xxiii) the accounts receivable pledge agreement between Bluesea Cloud Data and Lessor B dated 30 October 2020;
- (xxiv) the accounts receivable pledge agreement between Bluesea Mobile and Lessor B dated 30 October 2020;
- (xxv) the construction agreement between Shenzhen Zituo and Guangdong Mingyang Electric Co., Ltd.* (廣東明陽電氣股份有限公司) dated 28 February 2021 in relation to the construction of data centre at a consideration of RMB18.4 million;
- (xxvi) the sale and purchase agreement among the Lessor, United Power and Bluesea Data dated 31 March 2021 in relation to the sale and purchase of data centre equipment at a consideration of RMB293 million;

- (xxvii) the finance lease agreement between the Lessor and Bluesea Data dated 31 March 2021 in relation to the finance lease arrangement between the Lessor and Bluesea Data dated 31 March 2021 pursuant to which Lessor C agreed to purchase equipment from United Power at the request of Bluesea Data and lease the equipment to Bluesea Data, details of which are stipulated in the announcement of the Company dated 31 March 2021 (the “**Finance Lease Arrangement C**”) with the finance lease principal amount of RMB293 million;
- (xxviii) the guarantee agreement between the Lessor and Bluesea Mobile dated 31 March 2021 to provide guarantee to secure the obligations of Bluesea Data under the Finance Lease Arrangement C;
- (xxix) the finance lease agreement between Lessor B and Shanghai Yunting Information Technology Company Limited* (上海耘汀信息科技有限公司)(“**Shanghai Yunting**”), a company established in the PRC and an indirect non-wholly owned subsidiary of the Company, dated 21 June 2021 pursuant to which Lessor B agreed to purchase leased assets from Shanghai Yunting for a total consideration of RMB47,500,000, which would then be leased back to Shanghai Yunting;
- (xxx) the guarantee agreement between Lessor B and Guangzhou Zituo dated 21 June 2021;
- (xxxi) the accounts receivable pledge agreement between Shanghai Yunting and Lessor B dated 21 June 2021;
- (xxxii) the equity interest pledge agreement between Lessor B and Guangzhou Zituo dated 21 June 2021;
- (xxxiii) the framework agreement among Bluesea Data, Bluesea Mobile and KDCR Guangdong Co., Ltd* (吉寶數據(廣東)有限公司)(“**KDCR**”), a company established in the PRC with limited liability, dated 26 July 2021;
- (xxxiv) the seven sale and purchase agreements between KDCR and Bluesea Data dated 26 July 2021;
- (xxxv) the transfer agreement of facilities and equipment between KDCR and Bluesea Data dated 26 July 2021;
- (xxxvi) the development consultancy agreement between KDCR and Bluesea Mobile dated 26 July 2021;
- (xxxvii) the premises lease agreement between KDCR and Bluesea Data dated 26 July 2021;
- (xxxviii) the facilities and equipment lease agreement between KDCR and Bluesea Data dated 26 July 2021;

- (xxxix) the property auxiliary and supporting facilities lease agreement between KDCR and Bluesea Data dated 26 July 2021;
- (xl) the guarantee agreement between KDCR and Bluesea Mobile dated 26 July 2021;
- (xli) the Finance Lease Agreement;
- (xlii) the Assets Pledge Agreement (Guangzhou Zituo);
- (xliii) the guarantee agreement between the Lessor and Bluesea Mobile dated 27 August 2021; and
- (xliv) the guarantee agreement between the Lessor and Guangzhou Zituo dated 27 August 2021.

5. MATERIAL LITIGATION

Reference is made to the announcements of the Company dated 19 June 2015 and 30 November 2015 in relation to an equity transfer memorandum of understanding and a supplemental MOU (collectively referred to as the “**MOUs**”) entered into between NEO Intelligence Holdings Limited (“**NEO Intelligence**”), a wholly-owned subsidiary of the Company, Messrs CHAN Hung Kwong, CHAN Yu Chiu and CHAN Yue Kuen (collectively referred to as the “**Vendors**”) and Giant Crown Industries Limited (the “**Target**”). By the MOUs, it was agreed between NEO Intelligence and the Vendors, *inter alia*, that:

- 1) the Vendors and NEO Intelligence shall negotiate for the acquisition by NEO Intelligence of 80% shareholding of and in the Target and ACE International Electronics Limited from the Vendors;
- 2) NEO Intelligence shall pay the Vendors a refundable deposit in the sum of HK\$20,000,000 (the “**Deposit**”);
- 3) the Deposit shall be refunded to NEO Intelligence upon termination of the MOUs or 31 March 2016, whichever is earlier;
- 4) the Target, being the legal and beneficial owner of the entire equity interest in 廣州港鉅電子實業有限公司 (Guangzhou Gangju Electronics Industries Company Limited*) (“**Gangju**”), a company established under the laws of PRC, irrevocably and unconditionally undertakes to NEO Intelligence that, until the Deposit has been refunded in full to NEO Intelligence, it shall procure Gangju to irrevocably and unconditionally agree the free use of a block of building situated at 廣州番禺區石樓鎮礪江路144號A棟 under the certificate of land ownership “粵房地証字第3005825號” (“**Block A**”) by NEO Intelligence or its nominee without any payment or compensation;

- 5) if the Vendors fail to refund the Deposit in full to NEO Intelligence by the due date mentioned in paragraph 3 above, the Target irrevocably and unconditionally undertakes that it shall procure Gangju to irrevocably and unconditionally agree to the permanent free use of Block A by NEO Intelligence or its nominee without any payment or compensation; and
- 6) if the parties are unable to sign a formal agreement for the acquisition by 31 March 2016, the MOUs shall terminate automatically.

The Deposit was duly paid to the Vendors on 22 June 2015 by NEO Intelligence. By the said due date of 31 March 2016, NEO Intelligence and the Vendors were not able to come to any agreement regarding the acquisition and the MOUs therefore terminated automatically. Nevertheless, the Deposit was not refunded to NEO Intelligence upon the termination of the MOUs on 31 March 2016.

Consequently, NEO Intelligence nominated Bluesea Mobile to enter into physical possession of Block A with the agreement of Gangju. Bluesea Mobile then carried out renovation works to Block A for the purpose of modifying and fitting it out as an internet data centre (“**IDC**”), namely, Guangzhou Lotus Hill Data Centre (“**GZ Lotus Hill IDC**”).

As advised by the Group’s legal adviser, NEO Intelligence and Bluesea Mobile requested the Target and the Vendors to procure Gangju to sign all necessary documents to formally vest Bluesea Mobile’s right of permanent free use of Block A to prevent any subsequent interference or challenge, whether by the Target, the Vendors, Gangju or other persons, to detriment of the business of the IDC. However, despite the repeated requests by NEO Intelligence and Bluesea Mobile, the Target and the Vendors failed to do so.

On 12 May 2017, NEO Intelligence issued a writ of summons against the Target and the Vendors (collectively referred to as the “**Respondents**”) under Court of First Instance of the High Court of Hong Kong Action No. 1127 of 2017 (the “**Action**”) to claim against the Respondents, *inter alia*, for:

- 1) a declaration that NEO Intelligence and its nominee, Bluesea Mobile, are entitled to the use of Block A freely and permanently without any payment or compensation to the Respondents;
- 2) an Order that the Respondents shall procure Gangju to execute all such documents as may be necessary to vest in Bluesea Mobile the right to the use of Block A freely and permanently without any payment or compensation; and
- 3) alternatively, damages, including but not limited to the Deposit, all costs and expenses arising from and incidental to the modification and fitting out of Block A into the IDC, and loss of Bluesea Mobile’s profits from the operation of the IDC, to be assessed.

On 17 July 2017, the Respondents issued a summons applying for a stay of the Action in view of an arbitration clause in the MOUs (the “**Application**”). A hearing of the Application was held at the High Court on 14 November 2017 and the judgement thereof was handed down on 27 November 2017 which granted a stay of the Action pending arbitration at the Hong Kong International Arbitration Centre (“**HKIAC**”) in accordance with the UNCITRAL Arbitration Rules.

On 4 January 2018, NEO Intelligence issued and served a notice of arbitration under Arbitration No. HKIAC/PA18006 (the “**Arbitration**”). The substantive hearing of the Arbitration was completed on 17 April 2020.

On 23 March 2021, the Arbitral Tribunal issued a partial award (the “**Partial Award**”) that NEO Intelligence had established its case of liability against the Respondents on the MOUs, particularly the rights to use Block A.

With respect to the claims filed with The People’s Court of Panyu District, Guangzhou (the “**Panyu Court**”) by both Bluesea Mobile and Gangju that is currently under restructuring in relation to the dispute under the Arbitration (the “**PRC Action**”), the Panyu Court has combined the two cases for trial during the first hearing and will resume the proceedings upon the completion of the restructuring of Gangju. The order of property preservation for Block A granted by the Panyu Court remains effective. Bluesea Mobile can therefore continue to use Block A without interference until the judgement of the PRC Action has been handed down.

Based on the Partial Award and the Group’s PRC legal adviser’s opinion that Bluesea Mobile enjoys a high chance of success in the PRC Action, the Directors consider that the legal proceedings do not have any material impact on the operations of GZ Lotus Hill IDC and the Group.

Save as disclosed above, as at the Latest Practicable Date, to the best knowledge of the Directors, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

6. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group (excluding contracts expiring or terminable by the Group within one year without payment compensation, other than statutory compensation).

7. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position or outlook of the Group since 31 December 2020, the date to which the latest published audited consolidated financial statements of the Group were made up.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company's principal place of business in Hong Kong at Room 901B, 9th Floor, Empire Centre, 68 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong for a period of 14 days commencing from the date of this circular:

1. the Company's memorandum and articles of association;
2. the material contracts referred to in the section headed "4. Material Contracts" in this appendix;
3. the annual reports of the Company for each of the two financial years ended 31 December 2019 and 2020, the first quarterly report of the Company for the three months ended 31 March 2021 and the interim report of the Company for the six months ended 30 June 2021;
4. the circular of the Company dated 24 December 2020 in relation to finance lease arrangements;
5. the circular of the Company dated 17 September 2021 in relation to sale and lease transaction; and
6. this circular.

9. MISCELLANEOUS

- (i) The company secretary of the Company is Mr. YUEN Poi Lam William who is a member of the American Institute of Certified Public Accountants and the Hong Kong Institute of Certified Public Accountants. He is also a certified public accountant in the state of California, the United States and a Chartered Global Management Accountant in the United States.
- (ii) The compliance officer of the Company is Mr. CHEUNG Sing Tai, who is also an executive Director, deputy chairman of the Board and chief executive officer.

- (iii) The Company has established the Audit Committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the Audit Committee are (a) to review the Group's annual reports, interim reports and quarterly reports; (b) to discuss and review with the auditor of the Company on the scope and findings of the audit; and (c) to supervise the financial reporting process, risk management and internal control systems of the Group. The Audit Committee consists of three independent non-executive Directors, namely Mr. ZHANG Zihua, Ms. XI Lina and Mr. HUANG Zhixiong. The chairman of the Audit Committee is Mr. ZHANG Zihua, who possesses extensive experience in finance and accounting.

Mr. ZHANG Zihua (“**Mr. Zhang**”), aged 46, was appointed as an independent non-executive Director on 20 September 2016. He is also the chairman of each of the audit committee, nomination committee and the remuneration committee of the Company. He holds a Graduate Diploma of Chartered Accounting from The Institute of Chartered Accountants in Australia and New Zealand, a Degree of Bachelor of Economics in Accounting from Guangdong University of Technology and a Master of Taxation from the University of New South Wales, Australia. He is a fellow member of the CPA Australia and a member of The Chinese Institute of Certified Public Accountants, The Institute of Chartered Accountants in Australia and New Zealand and the Association of Chartered Certified Accountants. He is also Justice of the Peace for New South Wales in Australia.

Mr. Zhang joined Accentor Associates Pty Limited (“**Accentor**”) as a partner on 15 June 2020. Before joining Accentor, he was a partner of Addsum Accountants Pty Ltd until 13 March 2020 and he has worked in public practice at KPMG and PricewaterhouseCoopers in Australia, China and Europe for over 17 years. He participated in a wide range of auditing, initial public offering and due diligence projects to a wide portfolio of private and multinational companies operating in Australia, Europe, the PRC, and Hong Kong.

Ms. XI Lina, aged 38, was appointed as an independent non-executive Director on 16 May 2014. She is also a member of each of the audit committee, nomination committee and remuneration committee of the Company. She graduated with a degree in economics and international trade from Zhejiang University of Finance and Economics and holds a master of science in banking and international finance from the City University, London. She has extensive experience in economics and futures market.

Mr. HUANG Zhixiong, aged 58, was appointed as an independent non-executive Director on 13 May 2015. He is also a member of the audit committee of the Company. He holds a doctoral degree in business management. He is the senior advisor of 廣東華南科技資本研究院 (Institute of Guangdong South China Science and Technology Capital*) and was appointed as the extramural tutor of the master programme of professional accounting of the South China University of Technology in November 2015. He was also appointed as a member of the Advisory Board of the Faculty of Business of City University of Macau in January 2017. Mr. Huang obtained the Independent Director Qualification awarded by the Shenzhen Stock Exchange in January 2015 and obtained the Board Secretary Qualification awarded by the Shenzhen Stock Exchange in April 2015. Mr. Huang was certified with (1) the Securities Certificate Level II in 2005, (2) the Securities Institutions Senior Management Personnel Qualification in 2003, (3) the Securities Investment Fund Qualification and Securities and Futures Qualification in 2002, (4) the Securities Investment Analysis Qualification in 2001, (5) the Securities Trading Brokerage Qualification and Securities Issuance and Underwriting Qualification in 2000, and (6) the Shenzhen Stock Exchange Initial National Debt and Futures Qualification in 1994. He obtained the Intermediate Economist Title awarded by National Ministry of Personnel in 1994. Mr. Huang is currently the Chairman of the board of Guangdong Shunna Electric Co., Ltd (Formerly named Guangdong Macro Co., Ltd., company listed on the Shenzhen Stock Exchange (stock code: 000533)), in which he was also the vice chairman from August 2013 to July 2016 and the managing director from November 2017 to April 2021.

- (iv) The head office and principal place of business of the Company in Hong Kong is located at Room 901B, 9th Floor, Empire Centre, 68 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong.
- (v) The Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited, is located at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (vi) In the event of any inconsistency, the English language version of this circular shall prevail over the Chinese language version.